

## Message Text

LIMITED OFFICIAL USE

PAGE 01 MADRID 07104 141912Z

50

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 SSO-00 NSCE-00 INRE-00

USIE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01

SP-02 FEAE-00 OMB-01 /096 W  
----- 100660

O R 141813Z OCT 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC IMMEDIATE 3263

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

US DEL MTN GENEVA

LIMITED OFFICIAL USE MADRID 7104

E.O. 11652: N/A

TAGS: MARR, ETRD, SP

SUBJECT: SPAIN AND GSP: WASHINGTON CONSULTATIONS

REF : (A) STATE 214505; (B) MADRID 6965; (C) MADRID 7065

1. BEGIN SUMMARY: IN WASHINGTON CONSULTATIONS ON GSP, SPANISH TEAM EXPECTED TO ATTEMPT CONVINCE U.S. THAT ADVERSE EFFECTS OF SPANISH TARIFF PREFERENCES TO EEC NOT SIGNIFICANT, IF UNSUCCESSFUL , THEY WILL SEEK U.S. SUGGESTIONS OF MEASURES SPAIN MIGHT TAKE IN VIEW OF INFLEXIBLE NATURE OF SPANISH-EEC ACCORD. SPANISH TEAM WILL ATTEMPT LINK GSP CONSULTATIONS WITH PROSPECTIVE BROADER AGREEMENT ON BILATERAL ECONOMIC COOPERATION, AND MAY RAISE POSSIBILITY OF SPAIN BEING FORCED TO DIVERT PURCHASES FROM U.S. SUPPLIERS TO OTHER SOURCES TO REDUCE LARGE TRADE DEFICIT WITH U.S. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MADRID 07104 141912Z

2. EMBOFF DISCUSSIONS OVER PAST FEW DAYS WITH NEW SUB-

SECRETARY OF COMMERCE, MANUEL GUASCH, AND MFA DIRECTOR GENERAL OF INTERNATIONAL ECONOMIC AFFAIRS, RAIMUNDO BASSOLS, REVEAL THAT GOS IS STILL IN QUANDARY AS TO WHAT IT CAN DO TO MEET REQUIREMENTS OF 502(B)(3) OF 1974 TRADE ACT AND QUALIFY AS GSP BENEFICIARY. GOS IS STILL CONCERNED OVER BEING PLACED AT COMPETITIVE DISADVANTAGE IN U.S. MARKET IF IT IS EXCLUDED FROM BENEFICIARY STATUS GRANTED TO OTHER COUNTRIES WHICH ARE AT LEVEL OF ECONOMIC DEVELOPMENT SIMILAR TO SPAIN AND WHICH EXPORT OR HAVE POTENTIAL TO EXPORT SAME PRODUCTS TO THE U.S. AT THE SAME TIME, GIVEN NATURE OF SPAIN'S AGREEMENT WITH EEC, GOS DOES NOT HAVE FLEXIBILITY TO REDUCE MFN DUTIES TO LEVEL OF EC DUTIES WITHOUT REDUCING MFN RATES TO ZERO. GUASCH HAS STATED, AS GOS MINISTER OF COMMERCE SUGGESTED EARLIER, THAT IF SPAIN IS EXCLUDED AS GSP BENEFICIARY AT TIME WHEN SPANISH BILATERAL TRADE DEFICIT WITH U.S. IS LARGE AND GROWING, GOS MAY BE FORCED TO CONSIDER PROTECTIVE ACTION, SUCH AS DIVERTING PURCHASES OF CERTAIN COMMODITIES (CORN AND SOYA BEANS) FROM U.S. SUPPLIERS TO COUNTRIES WILLING TO ACCEPT SPANISH PRODUCTS AS COUNTERPART.

3. JUDGING FROM MOST RECENT DISCUSSIONS WITH BASSOLS, HE AND OTHER GOS OFFICIALS PARTICIPATING IN WASHINGTON CONSULTATIONS WILL FIRST ATTEMPT TO DEMONSTRATE THAT SPANISH PREFERENCES TO EEC HAVE NOT HAD AND UNLIKELY TO HAVE SIGNIFICANT ADVERSE EFFECT ON U.S. EXPORTS. SPANISH BELIEVE ON BASIS REVIEW OF PRODUCT LIST SUPPLIED BY U.S. THAT ONLY 7 PERCENT BY VALUE OF TOTAL U.S. EXPORTS TO SPAIN ARE AFFECTED, AND THAT GIVEN SMALL MARGIN OF PREFERENCE WITHIN THIS 7 PERCENT, EFFECT IS INSIGNIFICANT. SPANISH TEAM WILL ARGUE THAT THIS VIEW IS SUPPORTED BY FACT THAT SPANISH IMPORTS FROM U.S. SINCE 1970 HAVE INCREASED AT FASTER RATE THAN IMPORTS FROM EEC COUNTRIES. BASSOLS HAS SAID THAT IF SPANISH UNABLE TO CONVINCE U.S. THAT ADVERSE TRADE EFFECTS ARE INSIGNIFICANT, THEY WILL RELY ON "GOOD WILL" OF U.S. TO SUGGEST ACTIONS SPAIN MIGHT TAKE TO MEET U.S. REQUIREMENTS GIVEN INFLEXIBLE NATURE OF SPANISH-EEC ACCORD. THROUGHOUT, SPANISH OFFICIALS WILL ATTEMPT TO LINK GSP CONSULTATIONS WITH BILATERAL AGREEMENT ON ECONOMIC COOPERATION, WHICH GOS THUS FAR HAS PROPOSED SHOULD HAVE ARTICLES DEALING WITH SPAIN AND GSP AS WELL AS WITH FAVOR-LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MADRID 07104 141912Z

ABLE U.S. UNDERSTANDING OF SPANISH OBJECTIVE TO ACHIEVE INTEGRATION IN EUROPEAN COMMUNITY BY SUCCESSIVE STAGES.

4. EMBASSY BELIEVES U.S. SHOULD ATTEMPT TO REACH AGREEMENT WITH SPANISH OFFICIALS ON LEVEL OF IMPACT ON U.S. OF REVERSE PREFERENCES TO EEC BY CAREFUL OBJECTIVE COMPARISON OF U.S. AND SPANISH DATA. IF ADVERSE EFFECT STILL APPEARS SIGNIFICANT, IT WOULD BE HELPFUL IF U.S. COULD SUGGEST ACTIONS

GOS MIGHT TAKE TO ELIMINATE OR REDUCE ADVERSE EFFECT. IN THIS REGARD, IT SEEMS HIGHLY UNLIKELY SPAIN WOULD BE ABLE TO OBTAIN A PARTIAL DISPENSATION FROM EEC FOR MFN REDUCTION TO EEC RATES, GIVEN PRESENT STATE OF SPANISH RELATIONS WITH EUROPEAN COMMUNITY (REF. A). HOWEVER, SPAIN CONCEIVABLY COULD REDUCE MFN RATES ON SOME COMMODITIES TO SUCH A LOW LEVEL THAT THE DOLLAR VALUE OF THE MARGIN OF PREFERENCE FOR THE EEC WOULD BE INSIGNIFICANT. FINALLY, EFFORT SHOULD BE MADE TO CONVINCE SPANISH THAT PURPOSES OF ANY AGREEMENT ON OVERALL BILATERAL ECONOMIC COOPERATION NOT SERVED BY LINKING SUCH AGREEMENT WITH GSP OR ANY OTHER SPECIFIC PROBLEMS RESULTING FROM LEGAL PROVISIONS OF 1974 TRADE ACT.

STABLER

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, GENERALIZED PREFERENCES (TARIFFS), ECONOMIC AGREEMENTS, BALANCE OF PAYMENTS DEFICITS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MADRID07104  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750356-0149  
**From:** MADRID  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751056/aaaabxqv.tel  
**Line Count:** 129  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 214505, 75 MADRID 6965, 75 MADRID 7065  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 APR 2003 by ShawDG>; APPROVED <28 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SPAIN AND GSP: WASHINGTON CONSULTATIONS  
**TAGS:** MARR, ETRD, SP, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006